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Federal Communications Commission
Washington, D.C. 20554

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RECEIVED

SEP 18 1997

Honorable Linda Smith
U.S. House of Representatives
1317 Longworth House Office Building
Washington, D.C. 20515

FCC MAIL ROOM

Dear Congresswoman Smith:

Thank you for your July 31, 1997 letter on behalf of Mr. Charles P. Parfrey, President of Parfrey Trucking in Spokane, Washington. We also have received correspondence from President Bill Clinton on behalf of your constituent concerning the Commission's decision regarding compensation for payphone owners.

By way of background, Section 276 of the Communications Act, as amended by the Telecommunications Act of 1996, required the Commission to establish a plan to compensate payphone providers for "each and every completed intrastate and interstate call using their payphone." Prior to the Telecommunications Act of 1996, a payphone provider often received no compensation for these types of calls, no matter how frequently callers used its payphones to originate these calls.

In order to fulfill Congress's mandate, the FCC adopted rules in the Payphone Reclassification Proceeding that required IXCs to compensate payphone providers on a per-call basis for calls they receive from payphones, except those calls for which the payphone provider already collects compensation under a contractual arrangement. Payphone-originated calls that are unlikely to be the subject of a contract with the payphone provider include calls to a subscriber 800 number, such as 1-800-FLOWERS, or access code calls, like 1-800-CALL-ATT, which connect the caller to a carrier.

In the Payphone Reclassification Proceeding, the Commission required an IXC to pay the payphone provider, in absence of a contract between the IXC and the payphone provider, a rate of \$.35 per call whenever the IXC received a compensable call from that PSP's payphone. The Commission encouraged the IXCs and payphone providers to contract with each other for more economically efficient compensation rates. Thus, the \$.35 per-call compensation rate is a default rate that can be reduced or increased at any time through mutual agreement.

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Honorable Linda Smith

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Because the IXC's have significant latitude on how to set up the system under which each will compensate payphone providers at an agreed-upon per-call rate, the Commission left it to each IXC to determine whether it will recover the cost of compensating payphone providers, and how it would make such a recovery. As is always true in a competitive environment, callers are free to voice their opinions to their IXC about charges imposed on them or increased rates for service. Ultimately, if an IXC's charges or rates are not economically sound, callers have the option of switching carriers with relative ease. Enclosed is information regarding this proceeding.

We appreciate your inquiry. Please call upon us if we can provide further information.

Sincerely,

Robert W. Spangler

for Kathie A. Kneff
Special Advisor
Enforcement Division
Common Carrier Bureau

Enclosures

07/31/97 12:05 00

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LINDA SMITH
THIRD DISTRICT, WASHINGTON
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House of Representatives
Washington, DC 20515

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cc
5245

FAX Transmission

from

The Office of Congresswoman Linda Smith
Washington State, Third District

Date: 7-31 Page 1 of 2

To: FCC

Of: Office of Legis. Affairs

From: ☐ Congresswoman Smith ☐ Jeannette Lea
☐ John Dutton ☐ John Meckley
☐ Pat Fiske ☐ Mark Ratto
☒ Matt Freeman ☐ Jocelyn Rowe
☐ Chris Hayes ☐ Jim Troyer

Phone: _____ FAX: 418-2806

Comments: Please verify and explain this 35¢ surcharge.

07/31/97 12:05 ☎0

07/24/97 10:48 FAX 509 533 9548

PARFREY TRUCKING

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July 22, 1997

Representative Linda Smith
1317 Longworth Building
Washington, DC 20515

Dear Representative Smith,

Enclosed you will find a copy of a notice from our long distance telephone billing service regarding a service charge of thirty-five (35¢) to 800/888 and travel card customers when a call originates from a pay phone.

In our business, we provide an 800# for our customers, carriers, and truck drivers who use our Freight Brokerage services.

We find this surcharge appalling and unacceptable.

This 35¢ per call will result in an automatic increase of \$1,000 to \$1,500 per month on our long distance telephone bill (\$12,000 to \$18,000 annually).

Truckers use pay phones to call us on our 800#, inquiring about freight that we might have for them to haul.

WHY SHOULD WE BE PENALIZED FOR PROVIDING AN 800# AS A SERVICE?

Any business who has someone calling them from a pay phone, using an 800/888 number, will incur this 35¢ per call surcharge.

WHY SHOULD THEY BE PENALIZED FOR PROVIDING THIS SERVICE?

I urge you to introduce legislation to over turn this FCC ruling/mandate.

Sincerely,

Charles P. Parfrey
Charles P. Parfrey